

**Virginia State Corporation Commission
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Case Name (if known)	Application of Virginia Electric and Power Company and Dominion Energy, Inc. For Approval of Authority to Issue Up to \$3.25 Billion in Common Stock to Parent Under Chapters 3 and 4 of Title 56 of the Code of Virginia
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State Corporation Commission
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Richmond, Virginia 23219

Application of Virginia Electric and Power Company and Dominion Energy, Inc. For Approval of Authority to Issue Up to \$3.25 Billion in Common Stock to Parent Under Chapters 3 and 4 of Title 56 of the Code of Virginia
Case No. PUR-2023-00114

Dear Mr. Logan:

Enclosed for electronic filing in the above-captioned proceeding please find Virginia Electric and Power Company's *Application for Approval of Authority to Issue Up to \$3.25 Billion in Common Stock to Parent*. A \$250 check for the filing fee is being submitted under separate cover.

Please do not hesitate to call if you have any questions regarding the enclosed.

Highest regards,

/s/ Elaine S. Ryan

Elaine S. Ryan

Encl.

Cc: William H. Chambliss, Esq.
Paul E. Pfeffer, Esq.
Lisa R. Crabtree, Esq.
Joseph K. Reid, III, Esq.

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

APPLICATION)	
)	
of)	
)	
VIRGINIA ELECTRIC AND POWER COMPANY)	
)	
and)	Case No. PUR-2023-00114
)	
DOMINION ENERGY, INC.)	
)	
For Approval of Authority to Issue Up to)	
\$3.25 Billion in Common Stock to Parent Under)	
Chapters 3 and 4 of Title 56 of the Code of Virginia)	

**APPLICATION FOR APPROVAL OF AUTHORITY TO ISSUE
UP TO \$3.25 BILLION IN COMMON STOCK TO PARENT**

Pursuant to Chapters 3 and 4 of Title 56 of the Code of Virginia, Virginia Electric and Power Company (the “Company”), a Virginia public service corporation having its principal office located at 120 Tredegar Street, Richmond, Virginia 23219, and Dominion Energy, Inc. (“DEI”), a Virginia corporation also having its principal office located at 120 Tredegar Street, Richmond, Virginia 23219, respectfully request approval of authority to issue and sell to DEI up to \$3.25 billion of authorized but unissued shares of the Company’s common stock, without par value (the “Common Stock”). In support of its Application, the Company and DEI state as follows:

1. The Company is a public service corporation organized under the laws of the Commonwealth of Virginia furnishing electric service to the public within its certificated service territory. The Company also supplies electric service to non-jurisdictional customers in Virginia and to the public in portions of North Carolina. The Company is engaged in the business of generating, transmitting, distributing, and selling electric power and energy to the public for compensation. The Company also is a public utility under the Federal Power Act, and certain of

its operations are subject to the jurisdiction of the Federal Energy Regulatory Commission. The Company is an operating subsidiary of DEI.

2. The Company's name and post office address are:

Virginia Electric and Power Company
120 Tredegar Street
Richmond, Virginia 23219

3. DEI's name and post office address are:

Dominion Energy, Inc.
120 Tredegar Street
Richmond, Virginia 23219

4. The names, post office addresses and telephone numbers of the attorneys for the Company and DEI are:

Paul E. Pfeffer
Lisa R. Crabtree
Dominion Energy Services, Inc.
120 Tredegar Street
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5. The issuance and sale by the Company of Common Stock to its parent is subject to the jurisdiction of the State Corporation Commission (the "Commission") under Chapters 3 and 4 of Title 56 of the Code. DEI is an "affiliated interest" of the Company, within the meaning of Chapter 4 of the Code and joins in this Application for purposes of the approval sought under Chapter 4 of the Code.

6. In order to maintain targeted capitalization ratios over the next several years, additional sales of Common Stock (or additional other paid in capital) from its parent are projected to be required. In addition, during the most recent Virginia General Assembly regular session, the legislature adopted and the Governor approved legislation enacted as Chapter 775 of the 2023 Acts of Assembly (the "Act"), which among other things, directs the Company to take reasonable efforts to maintain an equity component of total capitalization at 52.1% through the end of 2024. Therefore, in order to maintain targeted capitalization ratios and consistent with this statutory directive, the Company respectfully requests authorization to issue and sell to its parent Common Stock (or additional other paid in capital) in an aggregate amount not to exceed \$3.25 billion through December 31, 2023.

7. The purchase price per share of the Common Stock to be sold to DEI will be set at the book value per share of the Company's outstanding common stock, determined on the basis of the Company's latest unaudited financial statements prior to the sale of the Common Stock. The net proceeds from the sale of the Common Stock may be used to meet a portion of its capital requirements, refund a portion of the Company's outstanding securities, including outstanding commercial paper and outstanding balances under the intercompany credit agreement between the Company and DEI, and for other general corporate purposes. It is anticipated that the Company will invest approximately \$15 billion between 2023 and 2024. Such capital requirements consist primarily of asset construction, upgrades and maintenance throughout the Dominion Energy Virginia system, as well as modernize and harden existing electric grid infrastructure to enable safe, reliable, and affordable electric service to customers.

8. The Common Stock may be sold to DEI in more than one transaction per calendar year. The Company will file a report with the Commission within 10 days after the issuance of Common Stock detailing the date of the sale, the amount sold and the price per share.

9. Because the proposed sale of the Common Stock will be a private transaction between the Company and DEI, the expenses directly associated with the sale will be *de minimis*. However, any such expenses attributable to the Company will be borne by the Company.

10. Attached as Exhibit A to this Application are links to the Company's Annual Report on Form 10-K for the period ended December 31, 2022 and the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2023 showing the Balance Sheet and the Statement of Income at such dates.

11. Attached as Exhibit B to this Application is a Financing Summary relating to this transaction in the form prescribed by the Commission. The Financing Summary is inclusive of Schedule 1 showing the actual regulatory capital structure at December 31, 2022 and the proforma December 31, 2023 regulatory capital structure assuming the issuance of the full \$3.25 billion of Common Stock.

12. Attached as Exhibit C to this Application is a Transaction Summary relating to this transaction in the form prescribed by the Commission.

WHEREFORE, the Company and DEI, respectfully request that the Commission enter an Order finding that the proposed transactions are reasonably necessary to carry out the purposes set forth herein and in the public interest, granting all authority as may be required under Chapter 3 and Chapter 4, of the Code to issue and sell the Common Stock, and granting all other requisite authorization for the consummation of the transactions contemplated herein.

Respectfully submitted,

**VIRGINIA ELECTRIC AND POWER COMPANY
AND DOMINION ENERGY, INC.**

By: /s/ Elaine S. Ryan

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Counsel for Virginia Electric and Power Company

July 3, 2023

VERIFICATION

Darius A Johnson
I, _____, Vice President and Treasurer of VIRGINIA ELECTRIC AND POWER COMPANY and

DOMINION ENERGY, INC., do solemnly swear that the facts stated in the foregoing application and all appendices incorporated by reference are, to the best of my knowledge and belief, true and correct.

Darius A. Johnson

City of Richmond
Commonwealth of Virginia

Subscribed and sworn to before me this 3rd day of July, 2023, by Darius A. Johnson.

Christina M. May
Notary Public

My commission expires: 8/31/2025



EXHIBIT A

Virginia Electric and Power Company's Annual 2022 10-K is available electronically at:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/103682/000095017023003287/d-20221231.htm>

Virginia Electric and Power Company's First Quarter 2023 10-Q is available electronically at:

<https://www.sec.gov/ix?doc=/Archives/edgar/data/103682/000095017023018141/d-20230331.htm>

EXHIBIT B

FINANCING SUMMARYItem 1. Description of Issue and Proposed Uses:

- A) Virginia Electric and Power Company (the "Company") proposes to issue and sell up to \$3.25 billion aggregate principal amount of its Common Stock.
- B) The Common Stock will be sold in one or more transactions through intercompany placements with its parent, Dominion Energy, Inc. ("DEI").
- C) The total amount of the Common Stock to be sold under the approval being sought will not exceed \$3.25 billion.
- D) The Company contemplates execution of the issuance and sale of Common Stock, if approved, from time to time through December 31, 2023.

The proceeds from the sale of the Common Stock may be used to meet a portion of its capital requirements, refund a portion of the Company's outstanding securities, including outstanding commercial paper and outstanding balances under the intercompany credit agreement between DEI and the Company, and for other general corporate purposes. It is anticipated that the Company will invest approximately \$15 billion between 2023 and 2024. Such capital requirements consist primarily of asset construction, upgrades and maintenance throughout the Dominion Energy Virginia system, as well as modernize and harden existing electric grid infrastructure to enable safe, reliable, and affordable electric service to customers. In order to maintain targeted credit metrics, including capitalization ratios, sales of Common Stock (or additional other paid in capital from parent), a balanced financing approach inclusive of new common equity is needed. A balanced financing approach will allow for the continued ability to attract access to capital under reasonable terms to invest in infrastructure on behalf of customers.

Item 2. Terms of Issue:

- A) The total number of common shares currently authorized is 500,000 and 274,723 shares were outstanding as of March 31, 2023. The total number of preferred shares currently authorized is 10,000,000 and no shares were outstanding as of March 31, 2023. Additional shares may be authorized by the board of directors of the Company.
- B) The purchase price per share of the Common Stock to be sold to DEI will be set at the book value per share of the Company's outstanding common stock, determined on the basis of the Company's latest unaudited financial statements prior to the sale of the Common Stock. The aggregate sale price of the Common Stock under this application will not exceed \$3.25 billion.
- C) The holders of the Company's common stock are not entitled to any pre-emptive rights. On liquidation, the holders of the Company's common stock are entitled to all assets that remain after satisfaction of creditors and the liquidation preferences of any preferred stock together with sums equal to dividends accrued or in arrears on any preferred stock.
- D) Except as indicated below or provided by statute, the holders of the Company's common stock have sole voting power. Each share is entitled to one vote in the election of directors and other matters properly coming before shareholders for a vote. Under certain conditions the holders of preferred stock become entitled to elect a majority of the board of directors. The voting rights of the Company's common stock are non-cumulative.
- E) Not applicable.
- F) Because the sale of the Common Stock will be a private transaction between the Company and DEI, the expenses directly associated with the sale will be *de minimis*. Any such expenses attributable to the Company, however, will be borne by the Company.
- G) DEI owns all of the issued and outstanding shares of common stock of the Company and is an "affiliated interest" of the Company within the meaning of Chapter 4 of Title 56 of the Code of Virginia of 1950, as amended.

Item 3. Brief Discussion of Reasonableness of Issue/Financing Strategy:

- A) The issuance of up to \$3.25 billion of Common Stock (or additional other paid in capital from parent) is needed to meet a portion of the Company's capital requirements, while maintaining targeted capitalization ratios and credit metrics. In addition, Chapter 775 of the 2023 Acts of Assembly (the "Act") which became effective July 1, 2023, directs the Company to take reasonable efforts to maintain an equity component of total capitalization at 52.1% through the end of 2024. This equity issuance was not included in the Company's annual financing plan submitted to the Commission's Staff on January 31, 2023, as the Act was approved by the Commission after it was submitted to Staff.
- B) Not applicable.
- C) There is no market price for the Company's common stock since it is not publicly traded; thus, no meaningful comparisons or ratios can be provided.
- D) Not applicable.
- E) Not applicable.
- F) The Company's most recent authorization to issue Common Stock was approved in Case No. PUE-2010-00049 by Order dated July 21, 2010, which was in addition to the authorization to issue Common Stock approved in Case No. PUE-2009-00100 by Order dated October 30, 2009. In total, the Company issued \$1.5 billion to DEI prior to December 30, 2010. By Orders dated March 28, 2011, the Commission dismissed Case Nos. PUE-2009-00100 and PUE-2010-00049.

Item 4. Impact on the Company:

- A) The estimated change in the Company's consolidated capital structure as a result of the proposed issuance and sale of Common Stock is shown on Schedule 1 to this Exhibit B.
- B) The estimated change in the Company's interest coverage ratio due to the proposed issuance and sale of Common Stock would not decline by 0.25x or more.

EXHIBIT B SCHEDULE 1

Virginia Electric and Power Company Ratemaking Capital Structure

Description	12/31/2022 Actual	Weighting	Adjustments	12/31/2023 Pro Forma	Weighting	Adjustments	12/31/2023 Pro Forma	Weighting
Total long-term debt	15,487,755,032	45.1%	1,509,866,590 (a)	16,997,621,622	43.2%	-	16,997,621,622	40.1%
Short-term debt (13-month average)	1,279,561,972	3.7%	1,984,594,535 (b)	3,264,156,507	8.3%	(250,000,000) (d)	3,014,156,507	7.1%
Total Debt	16,767,317,003	48.8%	3,494,461,125	20,261,778,129	51.5%	(250,000,000)	20,011,778,129	47.3%
Total Preferred Stock	-	-	-	-	-	-	-	-
Total Common Equity*	17,281,412,037	50.3%	1,516,575,802 (c)	18,797,987,839	47.8%	3,250,000,000	22,047,987,839	52.1%
Total Investment Tax Credits	285,662,017	0.8%	-	285,662,017	0.7%	-	285,662,017	0.7%
Total Capital	<u>\$34,334,391,057</u>	<u>100.0%</u>		<u>\$39,345,427,985</u>	<u>100.0%</u>		<u>\$42,345,427,985</u>	<u>100.0%</u>

* Excludes the after-tax unamortized balance of treasury hedges from AOCI as these are captured within long-term debt, pre-tax, for ratemaking purposes

(a) Expected 2023 issuances net of debt maturing, hedges, and unamortized debt issuance costs

(b) Estimated change in the 13 month average of short term debt in-line with the Company's estimated cash flow outflow for general expenses capital, O&M, taxes offset by estimated revenues from customers and long-term debt issuances

(c) The Company's expected net income and change in hedge values over the projected period

(d) 1/13 of \$3.25B equity infusion given 13-month rolling average of short-term debt with a projected December equity infusion

EXHIBIT C

TRANSACTION SUMMARY-AFFILIATE TRANSACTIONS

A. All applications filed for approval of affiliate transactions under the Affiliates Act:**1. Describe, in detail, the affiliate relationship among the parties involved.**

Virginia Electric and Power Company (the "Company") is a direct, wholly-owned subsidiary of Dominion Energy, Inc. ("DEI"). All of the common stock of the Company is owned by its parent, DEI.

2. Describe specific services, rights, or things to be provided.

The Company proposes to issue and sell up to \$3.25 billion in aggregate price of its authorized but unissued shares of common stock (the "Common Stock") to DEI. The price would be based upon the book value of the Company's currently outstanding common stock as of the latest unaudited financial statements prior to the sale. This would be a private transaction between the Company and DEI. The purchase of the Common Stock would be approved by DEI's board of directors. The issuance and sale of the Common Stock would be approved by the Company's board of directors.

3. Describe the conditions and term of the agreement, contract, or arrangement, including rights of parties to cancel and renewability. If the agreement requires the utility company to become involved in a long-term captive relationship, explain why this is necessary.

The Company proposes to sell the Common Stock for the purposes of meeting its capital requirements and maintaining targeted capitalization ratios and credit metrics. Capital requirements generally consist of the redemption or repayment of outstanding securities, including commercial paper and outstanding balances under the intercompany credit agreement between DEI and the Company, and construction, upgrading and maintenance expenditures. Maintenance of certain targeted credit metrics enables the Company to maintain its credit ratings. The Company's common stock is not publicly traded. Therefore, DEI is the only external source for additional common equity. Further, Chapter 775 of the 2023 Acts of Assembly (the "Act") which became effective July 1,

2023, directs the Company to take reasonable efforts to maintain an equity component of total capitalization at 52.1% through the end of 2024.

4. **Provide a copy of any formal agreement. If there is no formal agreement, provide a statement to that effect with a complete description of the contract or arrangement.**

The issuance of Common Stock by the Company will be approved by its board of directors. The purchase of the Company's Common Stock will be approved by DEI's board of directors. The issuance and sale of Common Stock is documented via a stock certificate(s) and held by DEI. The infusion of other paid in capital from DEI is typically documented via an accounting entry or reclassification (e.g., the forgiveness of debt or other obligation of the Company in favor of DEI).

B. Goods or services provided to the utility:

1. **Describe the utility's need for the goods or services.**

The issuance of up to \$3.25 billion of Common Stock (or additional other paid in capital from parent) is needed to meet a portion of the Company's capital requirements, while maintaining targeted capitalization ratios and credit metrics. In addition, the Act, directs the Company to take reasonable efforts to maintain an equity component of total capitalization at 52.1% through the end of 2024.

2. **Describe the utility's current and prior arrangements for obtaining the goods or services, where applicable.**

The Company's most recent authorization to issue Common Stock was approved in Case No. PUE-2010-00049 by Order dated July 21, 2010, which was in addition to the authorization to issue Common Stock approved in Case No. PUE-2009-00100 by Order dated October 30, 2009. In total, the Company issued \$1.5 billion to DEI prior to December 30, 2010. By Orders dated March 28, 2011, the Commission dismissed Case Nos. PUE-2009-00100 and PUE-2010-00049.

3. **Discuss whether or not the goods or services can be provided by the utility internally. If so, quantify the costs of doing so and compare such costs to costs**

of obtaining such goods or services from the affiliate. If not, explain why such goods or services cannot be provided internally.

As a wholly-owned subsidiary, the Company's only source of equity is a contribution from its parent, DEI.

- 4. Discuss other alternative sources for obtaining the goods or services available to the utility. Provide specific details, quantifying the costs of obtaining such goods or services from the alternative sources and comparing those costs to the costs of obtaining the goods or services from the affiliate.**

Not applicable.

- 5. Explain how the costs of obtaining goods or services from the affiliate are to be determined. If costs to the utility are to be based on the affiliate's cost of providing the goods or services, provide those cost components. If the cost components are to include a return on investment component, state what that is and show how it is determined.**

The purchase price per share of the Common Stock to be sold to DEI will be set at the book value per share of the Company's outstanding common stock, determined on the basis of the Company's latest unaudited financial statements prior to the sale of the Common Stock.

- 6. If costs to the utility are to be based on market rates, explain, in detail, how such market rates are to be determined. Provide the dollar amount and percentage of the affiliate's revenues that are derived from providing such goods or services to non-affiliated entities. Provide supporting calculations.**

Not applicable.

- 7. If the utility is to be charged or allocated costs from the affiliate, explain how such charges or allocations are to be made, providing specific allocations methodologies. If allocation formulas are to be used, provide such formulas.**

Because the proposed sale of the Common Stock will be a private transaction between the Company and DEI, the expenses directly associated with the sale will be *de minimis*. However, any such expenses attributable to the Company will be borne by the Company. No costs will be allocated.

8. **If services are not proposed to be priced at the lower of cost, plus a reasonable return, or the market price, explain why this will not be done.**

Not applicable.

C. Goods or services provided by the utility:

Not applicable. As the utility is not providing goods or services, C(1) through C(8) are inapplicable and have been deleted from this Transaction Summary.

D. Leasing arrangements with affiliates:

Not applicable. As there is no proposed leasing arrangement, D(1) through D(5) are inapplicable and have been deleted from this Transaction Summary.

E. Accounting and other issues to be provided or addressed by the utility and affiliate:

1. **Provide a copy of the utility's or affiliate's Cost Allocation Manual (depending on which entity is providing services), which describes the accounting system (to include the chart of accounts used) and cost allocation methodologies (including factors and methods of calculation) put in place to track costs accurately relative to contracts and arrangements with affiliates.**

In lieu of the Company's Cost Allocation Manual already on file with the Commission, the transaction(s) will be recorded as a sale of Common Stock or an increase in other paid in capital and is not subject to cost allocation methodologies.

2. **Describe any specific safeguards in place to ensure that no unregulated affiliate will be subsidized by the regulated company as a result of the proposed contract or arrangement.**

Not applicable.

3. **Compare and contrast the utility's risk exposure as a result of the proposed arrangement and show that the arrangement is in the public interest in spite of any anticipated change in risk exposure.**

The issuance and sale of the additional Common Stock will enable the Company to maintain certain targeted credit metrics to support its current credit ratings. A degradation in the Company's current credit ratings could limit the Company's access

to the capital markets. Therefore, approval of the proposed issuance and sale of Common Stock would reduce the financing risk faced by the Company.

4. **Discuss any anticipated cost savings for the utility as a result of the arrangement. Describe such anticipated savings and quantify to the extent possible. Provide support for anticipated savings. Include any anticipated impacts on operating efficiencies or quality of service and explain and quantify to the extent possible with supporting detail.**

The transaction enables the Company to maintain certain targeted capitalization ratios and credit metrics and support its current credit ratings. A degradation in the Company's current credit ratings could result in a higher cost of capital. The ability of the Company to maintain current credit ratings and access to capital markets leads to lower overall costs of capital. Therefore, the current request is in the public interest and would be beneficial for customers.

5. **Discuss in specific terms any other anticipated positive impacts on public interest not yet addressed, including any anticipated impacts on customers' rates.**

See responses to Items 4 and 5 above.

6. **If approval is required in other jurisdictions, provide the status of the review process in those jurisdictions and provide copies of any orders issued. Provide bi-weekly updates until a Commission Order is issued.**

Not applicable.

7. **Descriptions of goods or services to be provided or received pursuant to affiliate contracts or arrangements must be specific. Categories such as "other" and "incidental" without description of the types of services in those categories are unacceptable and cannot be recommended for Commission approval.**

The Company's request for approval to issue up to \$3.25 billion of Common Stock to its parent and the use of proceeds has been detailed in this Transaction Summary and the accompanying Application.

8. **If the proposed contract or arrangement is for the utility to provide services to an affiliate to support the affiliate providing services to other entities, the affiliate should have a separate accounting system established prior to obtaining Commission approval. If this has not been established, indicate when this will**

take place. A copy of the accounting procedures established for the affiliate showing how costs will be tracked should be provided to the Division of Public Utility Accounting.

Not applicable.

9. If the contract or arrangement involves investment by the utility company in an affiliate and the provision of services to the affiliate to enable the affiliate to operate, describe, in specific detail, how the utility's customers (or members in the case of electric cooperatives) will be protected against any losses incurred by the affiliate.

Not applicable.

10. For contracts or arrangements in which services are offered to an affiliate operating in a competitive environment, describe, in specific detail, what steps are being taken to ensure that the affiliate is not being favored over competitors.

Not applicable.

11. Describe, in detail, how the proposed services provided by the utility company will be accounted for in the utility's financial records.

Upon each transaction, the Company's common equity account will be increased for the amount of Common Stock issued and sold to DEI. In the case of the forgiveness of a Company obligation to DEI, the other paid in capital account will be increased with an offsetting decrease in the forgiven obligation's account.

F. Applications for exemption:

Not applicable. As the Company is not requesting an exemption from approval, Sections F(1) through F(6) are inapplicable and have been deleted from this Transaction Summary.